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Minnesota. Efficiency and Economy Commission.

Preliminary report of the Efficiency and Economy...

St. Paul

[1914]

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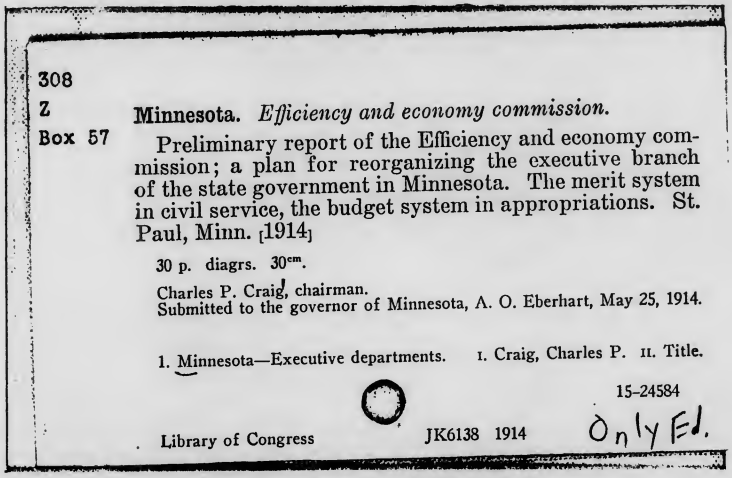

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Minnesota. *Efficiency and economy commission.*

Preliminary report of the Efficiency and economy commission; a plan for reorganizing the executive branch of the state government in Minnesota. The merit system in civil service, the budget system in appropriations. St. Paul, Minn. [1914]

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Charles P. Craig, chairman.
Submitted to the governor of Minnesota, A. O. Eberhart, May 25, 1914.

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Preliminary Report

of the

Efficiency and Economy Commission

A Plan for Reorganizing the Executive Branch of the State Government in Minnesota

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The Merit System in Civil Service
The Budget System in Appropriations

Office of the Commission
Room 239 State Capitol
St. Paul, Minn.

Minnesota Efficiency and Economy Commission.

Appointed by Governor Eberhart, October, 1913.

Charles P. Craig, Chairman, Real Estate.....Duluth
O. B. Nelson, Merchant, Former Member of Legislature.....Spring Grove
W. B. Parsons, Grain.....Winona
H. H. Dunn, Lawyer, Member House of Representatives.....Albert Lea
John H. Hohmann, Capitalist.....Mankato
F. E. Putnam, Lawyer, Member State Senate.....Blue Earth
W. W. Smith, Banker.....Sleepy Eye
John Moonan, Lawyer, Member State Senate.....Waseca
Elias Jacobson, Clerk of District Court.....Montevideo
George F. Authier, Political Writer, Secretary to Governor.....Minneapolis
Hugh J. Hughes, Editor.....Minneapolis
E. G. Hall, Prest. State Federation of Labor.....Minneapolis
Thomas Kneeland, Lawyer, Member House of Representatives.....Minneapolis
Theo. Wold, Banker.....Minneapolis
Jos. Chapman, Jr., Banker.....Minneapolis
J. F. McGee, Lawyer, Former Judge of District Court.....Minneapolis
John H. Gray, Professor of Economics, State University.....Minneapolis
A. F. Woods, Dean State Agricultural College.....St. Anthony Park
John A. Hartigan, Loans, Former Insurance Commissioner, Member Educational Commission.....St. Paul
D. A. Wallace, Editor.....St. Paul
J. A. Stoneburg, Banker.....Cambridge
J. D. Sullivan, Lawyer, Member State Senate.....St. Cloud
L. C. Spooner, Lawyer, Member House of Representatives.....Morris
Alfred Rustad, Merchant.....Wheaton
O. J. Hagen, Physician, Member State Board of Health.....Moorhead
A. G. Anderson, Banker.....Fergus Falls
C. A. Congdon, Capitalist, Former Member Legislature.....Duluth
Theodore T. Hudson, Lawyer.....Duluth
Frank Lycan, Hotel Proprietor.....Bemidji
F. J. Lang, Laundry Proprietor.....International Falls

STAFF.

Consulting Statistician:
E. Dana Durand, Former director of U. S. Census, Professor of Statistics, University of Minnesota.

Secretary:
John S. Pardee, Duluth.

Clerk:
Elizabeth Cotton, Minneapolis.

COMMITTEES.

Executive and Coordination Committee:
Craig, Congdon, Gray, McGee, Meonan.

Group A—General Administration and Finance:
Chapman, Jacobson, Lang, Parsons, Smith.

Group B—Public Domain, Lands and Works:
Hughes, Kneeland, Hohmann, Dunn, Lycan.

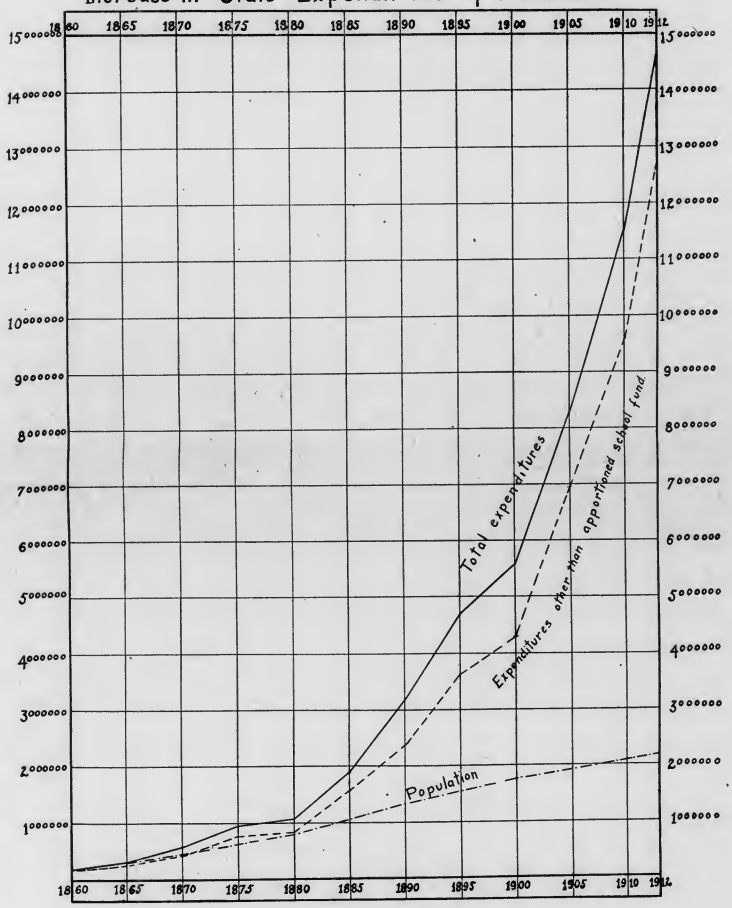
Group C—Education and Public Welfare:
Hartigan, Putnam, Woods, Anderson, Spooner.

Group D—Commerce, Industry, Transportation:
Hudson, Hall, Stoneburg, Authier, Sullivan.

Group E—Safety, Protection, Agriculture:
Wallace, Hagen, Nelson, Rustad, Wold.

"Public Welfare" subsequently referred to Groups "C" and "E" as joint committee.

Increase in State Expenditures of Minnesota.



To His Excellency A. O. Eberhart, Governor of Minnesota: I have the honor to transmit herewith a preliminary report of the Economy and Efficiency Commission. A final report will be submitted later.

For the Commission

Chas. P. Craig, Chairman.

St. Paul, May 25, 1914.

Preliminary Report of the Economy and Efficiency Commission

Purpose of This Preliminary Report.

This Preliminary Report of the Economy and Efficiency Commission presents to the people of Minnesota a plan for reorganizing the executive branch of the state government and its finances. The Commission will submit its final report, including the draft of appropriate measures, in time for consideration at the next session of the legislature, meeting in January, 1915. The plan is now given out because the Commission wants suggestions from the people for improving it, and because, if they approve, the people will wish to elect legislators who will put it into effect.

Economy and efficiency in the state administration is the most important issue before the voters at the coming election. Agitation for economy conducted by various bodies in the last four years has emphasized the need of reorganization. Fifty or more bills were introduced in the last legislature dealing with this matter, none of which, however, passed except that providing for an educational commission.

The diagram, showing the enormous growth of state expenditures, emphasizes the crying need of radical changes. The commission's plan would mark a tremendous improvement. It would check the constant rise in the burdens of taxation. It would give the people more for their money. It would enable the people to control their public service.

THE COMMISSION AND ITS WORK.

Organization of the Commission.

The Economy and Efficiency Commission is a body of thirty men appointed by the governor. It has no appropriation from the state. Its members serve without pay. They bear their own traveling expenses, and have raised by private subscription the funds necessary for the general expenses. The members of the Commission represent all parts of the state, every political and industrial point of view. Notwithstanding the diversity of its membership, the Commission is unanimous in recommending the plan here submitted.

The Commission began its work in November, 1913. It divided itself into committees for the more thorough consideration of different subjects. The committees and the Commission as a whole have held many meetings. They have got together a mass of information from the various state departments and bureaus and from interested citizens. They have received and considered a multitude of suggestions. The Commission hereby expresses its appreciation of the cordial cooperation given to it in its work. Its thanks are particularly due to the state officers who, although under no compulsion to do so, have opened their offices to the Commission and have frankly and freely furnished information, offered suggestions and discussed plans.

Methods, Not Functions, Considered.

At the outset the Commission adopted a resolution not to recommend any changes affecting the functions of the state, but to confine itself to the methods of performing existing functions. Not *what* the State should do, but the *way* it should do it. The recommendations of the Commission add no powers or duties to the government. They create no new duties, no new rights on the part of the citizens. Nor do they in any way lessen or change the powers, duties and rights of the state government or of the citizens.

The object of the Commission is to recommend a plan by which the work of the state government, whatever it is now or may be in the future, may be done well and done economically. The rapid increase in expenditures has been partly due to the extension of the state's functions. The people have got more service for the added expenditure. A large part of the increase in expense, however, has been due

to the absence of proper organization and proper financial methods. It is in this direction that the Commission's plan offers relief.

System, Not Individuals, Criticized.

The Commission has not inquired into the efficiency or the honesty of individual officers or employees. It is not looking for "graft." It has tried to find what is wrong in the *system* of government, not in the work of individuals. Incidentally, the Commission's investigations have given it a high opinion of the personal integrity and ability of the great majority of the state officers and employees. Under the defective system, however, even the ablest and most public-spirited officers are unable to get the full measure of efficiency and economy to which the state is entitled. The machine is built wrong, and no one can make it work well.

General, Not Detailed, Defects Considered.

Early in its work the Commission saw that the big trouble with the state government lay in the general organization and the general methods of finance, not in minor details. There are many defects in the details, but these largely grow out of the broader defects in the system. It would take a great deal of time and money to investigate all the details of the state government. The Commission therefore recommends a reorganization from the top down. It would begin with the big things. When this broad and fundamental reorganization is effected, the state officers themselves will be in a position to correct minor details. The legislature should furnish the reorganized administration with reasonable funds to employ, temporarily, expert help, in that task.

Constitutional Changes Not Involved.

The reorganization of the state administration can be accomplished fairly well without amending the constitution. One or two amendments are desirable, but the great bulk of the Commission's plan can be put into effect by acts of the legislature. The Commission urges that such changes as can be brought about by legislation be made immediately, without waiting for constitutional amendments.

MAIN FEATURES OF THE COMMISSION'S PLAN.

The recommendations of the Commission embrace three main features:

1. **Reorganization of the Executive Service.**
2. **The Merit System in the Civil Service.**
3. **The Budget System of appropriating money.**

These three features are all bound to one another. The full advantage can be gained only from all three together. The reorganization of the executive service will bring about a much better budget system than would otherwise be possible. The budget system will enforce economy on the reorganized administration. The merit system will prevent any possible abuse of the centralized power.

The worst faults in the present organization of the state government—the same is true of practically every state in the Union—are lack of unity and lack of responsibility. The government is incoherent. There are a multitude of disconnected, unaffiliated departments and bureaus, over which neither the governor nor the legislature nor the people have effective control. For want of coordination, there is duplication of work and an unnecessary number of employees. The Commission's plan will assure cooperation between related offices, fix responsibility, and centralize control. Related bureaus will be grouped under a few executive departments. Each

department will be headed by a single director. The directors, with two exceptions, will be appointed by the governor with the consent of the senate. The governor, the direct representative of the people, will thus be responsible for the entire administration. Instead of fifty or sixty independent governments, there will be one State Administration.

To prevent any possible abuse of the power lodged in the governor and the directors, the merit system in civil service is necessary. Under the Commission's plan, all state employees—from the lowest up to and including the heads of bureaus who stand next under the directors—will be appointed under the civil service examination system, and will be protected from removal for political or other improper reasons.

The budget system means the substitution of method for what is little better than madness. It means careful consideration of the expenditures as a whole. It means study of the relative needs instead of guesswork. This consideration will begin with the executive, acting as a unit. The governor will submit to the legislature complete estimates. The legislature will no longer be assailed by the clamor of individual and even subordinate officers. It will be in a position to consider the state's expenditures as one unit made up of related parts. Haphazard extravagance will give place to systematic consideration of appropriations.

REORGANIZATION OF THE STATE EXECUTIVE SERVICE.

The Chart.

The accompanying chart shows clearly the nature of the proposed changes in the organization. The left side shows the existing organization and the right side the proposed organization. By means of the numbers and letters it is possible to determine exactly how each office or function is disposed of.

Main Faults of the Present System.

The left side of this chart discloses three main defects in the present organization, namely: Multiplicity of independent branches; diversity in the form; predominance of the board system.

The number of branches of the state government, including semi-public associations receiving aid from the state, is now about seventy-five. Most of these stand entirely aloof from one another. The chart accordingly shows them hanging on separate vertical lines.

A single illustration shows the lack of coordination. Recently the state fire marshal received from a hotel man in southern Minnesota a letter something like this:

> "Dear Sir: The hotel inspector has ordered me to put in a new floor. One of your deputies has instructed me to tear down the building. Which shall I do first?"

Each of these sixty or seventy agencies stands by itself. The governor has little control over them. The mere number of them is so great that no one can possibly keep track of their work.

The chart shows no less than five different forms under which the services of the state are organized. Some are headed by single individuals

(indicated by circles). Three are headed by paid boards—the tax commission, the board of control and the railroad and warehouse commission. Others are in the hands of *ex-officio* boards, that is, of boards made up of executive officers already fully occupied with other duties. The governor, secretary of state, auditor, attorney general and treasurer are each members of so many boards they can hardly keep count of them. Still more common is the unpaid board, usually with a paid secretary. Finally, certain essentially state functions are performed by semi-private associations.

This variety in the form of organization has no logical basis. There is no reason why the labor department should be under a single commissioner, while the highway department should be under a board. The variety tends to confuse the public and to destroy responsibility.

In the third place, a study of the chart will show that most of the important executive work of the state at present is in the hands of boards—paid, *ex-officio,* or unpaid. Students in political science are all agreed that executive work should be done by individuals and not by boards. The average citizen has come to the same conclusion. The board system tends to delay and inefficiency. It dissipates responsibility. No one knows exactly who is to blame if work is done badly. Boards are necessary for sub-legislative and judicial work; they are useful to give advice; they are not suited to administrative tasks. Moreover, under the board system the governor has little control over the administration. The board members usually have overlapping terms. Each governor appoints only a minority. Each board is a government by itself.

The Commission's Plan.—The Six Great Executive Departments.

The Commission's plan, as shown on the right hand side of the chart, is novel as a plan of state government. And yet the plan is not based on mere theory. It is broadly similar to the Federal Administration of the United States, to that of many modern cities, and to that of most great private corporations.

The main feature of the proposed re-organization is the grouping of the state's services under six great departments.

Finance,
Public Domain,
Public Welfare,
Education,
Labor and Commerce,
Agriculture.

A few special functions, which relate to the administration as a whole, are left in the hands of officers outside these departments; namely, the secretary of state, auditor and attorney general, constitutional officers, elected by the people together with the Civil Service Commission and Tax Commission.

The executive heads of these great departments will be individuals, known as directors. The system of executive boards will be done away with.

The heads of four of the six departments will be appointed by the governor with the consent of the senate. They will hold office at the pleasure of the governor. These directors will be responsible to the governor and to the people for the entire conduct of their departments. They will be the assistants

to the governor in the conduct of the administration. They will constitute the governor's cabinet, similar to the cabinet of the president of the United States. The administration thus becomes a unit.

It is expected that the directors of the several departments will be "laymen," not technical experts. They will be men in whom the governor has peculiar confidence. They may change when a new governor comes in. The bureau chiefs under them, on the other hand, should be trained experts. They should constitute the permanent staff; they should come under the merit system. The aim is to combine permanent expert service with popular control. The work will be handled by the expert bureau chiefs. The directors will supervise, coordinate, prevent the state service from becoming bureaucratic, keep it in touch with the people. They will be the agents of the people to control their public servants, to tell those servants what the people want.

The governor will be the real head of the administration.

The people can hold him responsible for any inefficiency or misconduct throughout the state administration. The office of the governor will thus become one of greater dignity and power than ever. The people, recognizing the enormous importance of the office, will choose their governor with the greatest care.

The plan of the Commission contemplates only two exceptions to this general rule. One of these is the Director of Finance, who will be the treasurer —a constitutional officer elected by the people. As to education, the Commission has recommended two boards—the Regents of the University, and a new Board of Education to have charge of all other state educational work. These boards, like the directors of a corporation, will choose, respectively, the President of the University and the Director of Education. In recommending this form of organization the Commission has followed the general practice. It is the usual custom to treat education as independent of other functions of government. The plan for securing cooperation between the board of regents and the board of education is further discussed later.

The following is, therefore, a list of the major executive officers of the state as recommended by the Commission:

1. **Treasurer, elected by the people, acting as Director of Finance.**
2. **Director of Public Domain, appointed by governor.**
3. **Director of Public Welfare, appointed by the governor.**
4. **Education: (a) Board of Education, appointed by governor; Director of Education, appointed by board; (b) Board of Regents, appointed by governor; President of University, appointed by regents.**
5. **Director of Labor and Commerce, appointed by the governor.**
6. **Director of Agriculture, appointed by the governor.**

Bureaus Under the Departments.

The important bureaus or divisions of the service now existing are to be retained as distinct bureaus under the several departments. These bureaus will be headed by single individuals and not by boards. The men who are doing good work now as bureau chiefs ought to be retained and under this plan they can be.

The grouping of these bureaus under the departments will permit coop-

eration which means economy. Duplication will be eliminated; lost motion will be avoided.

Moreover it has been found possible to merge with other agencies a number of bureaus or offices now independent.

The Non-Executive Boards.

While the Commission recommends the placing of all executive functions in the hands of individuals, there is need of certain boards for advisory, sub-legislative and quasi-judicial functions. Each of the departments should have such a board.

For the Department of Finance, it seemed best to employ the existing board of investment, which is a constitutional body charged with the investment of the state trust funds. This is an *ex-officio* board consisting of the governor, auditor and treasurer. For the Department of Labor and Commerce these functions may be conferred upon the existing board of railroad commissioners, a body of three members elected by the people. For the Education Department, the Commission recommends two boards, as already stated.

For the other three departments, Public Domain, Public Welfare and Agriculture, special boards appointed by the governor, with overlapping terms, are recommended.

Some of these boards will possess the power of making rules and regulations, that is, virtually, sub-legislative power. The legislature finds it impossible in some cases—for example, with respect to railroads and to public health—to specify in statutes all the necessary rules and regulations affecting the rights and duties of persons and corporations. It, therefore, delegates part of its legislative power to smaller bodies which are possessed of special knowledge and are able to meet at any time. The Board of Railroad and Warehouse Commissioners will continue, under the Commission's plan, to exercise powers of this character. The sub-legislative powers now delegated to the State Board of Health will be transferred to the Board of Public Welfare attached to the Department of Public Welfare.

Aside from these functions, the various departmental boards will have advisory authority. They can be called upon by the directors for advice or they can make recommendations on their own motion. They will have access to all the offices in their departments and can investigate to discover abuses or propose better business methods. In this way the state will get the benefit of the judgment of a number of its ablest citizens with respect to state policies. These advisory boards will cooperate with the directors to prevent the departments from getting into ruts and to keep them in touch with the people. Moreover, being by reason of their overlapping terms in a measure independent of the governor, they will be a restraining influence. On the other hand these boards cannot interfere with executive action.

In addition to these major departmental boards, the plan of the Commission provides for the retention of the Tax Commission, whose duties are essentially judicial and should not be exercised by a single individual. It also provides for a special Board of Labor to act as an advisor and to possess sub-legislative powers with reference to labor matters. Other boards, which for special reasons should be retained, are mentioned later in connection with the description of the proposed organization of the individual departments.

II. THE MERIT SYSTEM IN THE CIVIL SERVICE.

As a protection against possible abuse of power resulting from the centralization of authority in the governor and the directors of the departments, the Commission considers the Merit System essential. The state already has a formal merit system, with competitive examinations for appointments, in two of its departments, and in several of the other departments favoritism in appointments has virtually been excluded by the policy of the department heads. The system, however, does not cover the entire service by any means.

The merit system, commonly called the "civil service system," as it exists in the federal government and in various states and cities, is often criticized as tending to inefficiency rather than efficiency. It is claimed that it lays too much emphasis on merely academic qualifications for appointments and too little on personality and adaptability. It is claimed that it prevents the removal of inefficient employees.

It is possible, however, to avoid these defects. The bill which the commission has drafted differs in a number of respects from most civil service laws, and is believed to be more practical and better calculated to secure efficiency.

The Civil Service Commission.

The proposed bill provides for a Civil Service Commission, to consist of three members appointed by the governor with the consent of the senate. Their terms are to be six years, one being appointed every two years, so that the commission will not be the creature of a single administration. The members are to serve without compensation. The detailed work of the commission will be under the charge of a paid secretary to be appointed by the commission.

Scope of Merit System.

The bill provides for the application of the merit system to all except a very limited number of positions. The exceptions include officers elected by the people, directors of departments, or other officers appointed by the governor with the consent of the senate, and members of unpaid boards. The instructors in the university and other state educational institutions will also be exempted from the law, on the ground that they are invariably chosen by reason of their special qualifications and without political influence. All other positions, up to and including heads of bureaus and of institutions, are to be subject to the merit system and designated as in the "classified service." At present the bureau chiefs are looked upon as "political" appointees, and this is not altogether improper in view of the fact that there are no officers above them—except the governor himself—to keep them in touch with the people. Under the Commission's plan, the directors of the great departments will supply the "lay" element, making it possible to use experts, obtained by the merit system, for the important work of managing the various bureaus and institutions.

Appointing Officers.

The bill designates as "appointing officers" those elected by the people, those appointed by the governor with the consent of the senate, or officers to whom these delegate their authority. It is provided, however, that the

appointing officer must base appointments, promotions and removals upon the previous recommendation of the officer in immediate charge. Thus the appointment of a clerk in a bureau would be made, on the recommendation of the head of that bureau, by the director of the department. This plan secures unity in the service of the several departments, while it prevents appointing officers from overriding those directly in charge of the work.

Examinations.

Candidates for appointment must, under the proposed bill, be examined by the Civil Service Commission. The bill, however, leaves to the commission more discretion than is ordinarily given such bodies with respect to the character of the examinations.

In the first place it provides that examinations may be oral or written, and that the commission may take into account, as part of the examination, evidence of previous education and experience. In fact the bill requires a large amount of weight to be given to such evidence in the case of positions requiring high technical qualifications. Under this plan many experts, who might not be willing to compete in an academic test with persons just out of college or technical school, will offer themselves as candidates on the basis of their actual previous work in the field.

In the second place, the Civil Service Commission is permitted, if it deems wise, to widen the discretion of appointing officers. It may hold limited competitive, or non-competitive examinations, instead of open examinations. A limited competitive examination is one open only to persons, not less than three in number, designated by the appointing officer. A non-competitive examination is one open only to a single person so designated. The bill provides that open competitive examinations shall not be required for positions commanding a salary of $2,500 or more without the consent of the appointing officer.

This plan of limited and non-competitive examinations is better where high technical qualifications are required or where the element of personality is important. For the great majority of positions, the rules of the civil service commission will doubtless require open competitive examinations. But for a limited number of places the appointing officer should be authorized to take the initiative in proposing competent persons whose competence shall then be tested by the civil service commission. This method, combined with that of giving proper weight to evidence of previous experience, gives the appointing officer needed discretion in choosing bureau chiefs and other important subordinates, but at the same time prevents political appointments. All these matters are to be regulated by rules framed by the Civil Service Commission. For emergency cases, however, the Commission may make an individual exception to its rules, but it must report the reason for any such exception to the legislature.

The bill provides for the registering of candidates for appointment as unskilled laborers in the order of their application. Examinations for this service would be of no advantage.

Promotions.

A novel provision of the bill is that with regard to promotions. In most governments, including that of Minnesota, the steps between the various sal-

ary grades are so wide that promotions can be made only at rare intervals. Moreover there is no systematic classification of positions according to the character of work and the degree of responsibility required. Much more may be paid for precisely the same work in one branch of the government than in another. For these reasons, the bill provides that the Governor, after consultation with the Civil Service Commission and with the heads of departments, shall classify all the positions in the civil service according to the nature of the duties and the degree of responsibility. He shall also establish salary grades, with comparatively narrow steps, within each class. The classes and grades for different departments shall be as nearly similar as possible. This classification and gradation of salaries may be put into effect at once, but must be submitted to the next session of the legislature.

In the matter of promotions two opposite evils need to be avoided. Political and personal considerations must be excluded. On the other hand, promotions must not be based on merely academic tests of fitness. The main thing which justifies promotion is the work actually done, and this can be judged better by the officers in charge than by any outside body.

The proposed bill leaves proper discretion to the appointing officers in the matter of promotions but prevents abuse of that discretion. It provides that the efficiency of every employee must be rated by his immediate superior. These ratings must be filed with the appointing officer and with the Civil Service Commission. Any person who is not below a fair standard of efficiency, as shown by these ratings, may be promoted by a single grade within a single year without action by the Civil Service Commission. That Commission may, however, at once veto the proposed promotion of a person below a fair standard of efficiency. Moreover, more rapid promotions require investigation and approval by the Commission.

Removals and Reductions.

Similarly, in removals or reductions in salary, it is necessary on the one hand to prevent unfair action on the part of the appointing officer, and on the other hand, to avoid interfering unduly with his discretion. Under some civil service laws, it is very hard to get rid of inefficient employees. Removals and reductions can be accomplished only after a formal hearing of charges, and the appointing officer has to prove a strong affirmative case. The man who is too sure of his job becomes lazy and insubordinate.

The bill leaves the Civil Service Commission to determine, in its discretion, whether it will investigate any given case of removal or reduction in salary. It does not require it to make such an investigation. Any appointing officer proposing to remove or reduce the salary of any employee must furnish a statement of his grounds to the employee and to the commission. The employee may file an answer with the civil service commission, which may inquire into the case if it deems it necessary. Ordinarily the action of the appointing officer will be final.

Rules of the Commission.

Another novel feature of the proposed bill is the requirement that the rules of the Civil Service Commission must be submitted to the legislature for its approval. It is impossible in a statute to enter into great detail with regard to the conduct of the merit system. Unforeseen contingencies may

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Government of Minnesota.

Present Organization.

Proposed Plan of the Economy and Efficiency Commission.

Board connected by oblique line indicates advisory quasi judicial or sub-legislative authority without executive powers.

Key: Single Officer; Paid Board; Ex-officio Board; Unpaid Board; Society; Institution.

I. General Administration and Finance.

1 Sec of State — a Auto licenses.
2 Attorney Gen — a Inher. tax admin.
3 Auditor
4 Treasurer
5 Board of Investment — Constitutional
6 Board of Audit
7 Board of Deposit
8 Public Examiner
9 Tax Commission
10 Board of Control — See No. 22
11 Board of Printing — a State Printer
12 Custodian of Capitol — a Purchaser for departments.

II. Public Domain - Lands, Waters, Works.

13 Auditor — a Public lands; b Small parks
14 Governor — a Custody of certain parks.
15 Timber Board.
16 Forestry Board — a Forester
17 Drainage Board — a Engineer
18 Reclamation Bd
19 Highway Board — a Engineer
20 Game & Fish Board — a Exec. Agt.
21 Board of Control — See No. 22 — a Construction of buildings.

III a. Public Welfare - Institutions.

22 Board of Control
23 Trustees of — a Soldiers Home
24 Trustees of School for — a Blind; b Deaf
25 Trustees of — a State Pub. School
26 Board of Visitors
27 Advisory Com'n & Secretary — a Secretary
28 Visitor for Girls' Council
29 Parole Board
30 Pardon Board.

Institutions: Prison; Reformatory; Boys Ind. School; Girls Ind. School; Insane Hosps; Feeble Minded; Children's Hosp; Inebriates Hosp; Consumptives Sanit.

III b. Public Welfare - Health.

Boards paid by fees, for examination of

31 Board of Health — a Secretary
32 Physicians
33 Dentists
34 Osteopaths
35 Pharmacists
36 Optometrists
37 Nurses

IV. Education.

38 Supt. of Education — a Rural School Com'r
39 High School Bd — a High School Insp; b Graded School Insp
40 Normal School Bd — a Presidents of Normals.
41 Bd of U Regents — a President U.
42 Library Com'n — a Secretary
43 Farm Institute Board — a Supt.
44 Historical Society
45 Art Society

V. Commerce, Industry and Labor.

47 Supt. of Banks
48 Com'r of Insurance — a Secretary; b Engineer; c Weights & Measures; d Track Scales
49 Railroad & Warehouse Com'n
50 Board of Grain Appeals — e Grain Inspector
51 Surveyors — Logs
51a Board of Barbers
52 Board of Horseshoers
53 Board of Accountancy.
54 Board of Electricity.
55 Oil Inspector
56 Hotel Inspector
57 Dairy & Food Com'r — a Dairy inspection; b Food inspection
58 Fire Marshal
59 Com'r of Labor
60 Arbitration
61 Min Wage
62 Boiler Inspectors — a Inspectors; b Licenses of Engineers.

VI. Agriculture.

63 State Agricultural Society — a State Fair; b Secretary
64 Stallion Regn Bd — a Secretary
65 Live Stock San. Bd — a Secretary
66 Immigration Bd — a Commissioner
67 Veterinary Board.
68 Entomologist
69 Apiarist

Societies aided by State.

70 Horticultural
71 Wool Growers
72 Field crop Breeder
73 Dairymen
74 Bee Keepers
75 County Fairs

I. General Administration and Finance.

1 Sec of State
2 Attorney Gen.
3 Auditor — 8 Public Examiner
5. 6 7 Board of Investment.
4 Treasurer.
9 2a Board of Taxation

II. Public Domain.

Director of Public Domain — Advisory Board 15, 16, 17, 18, 19, 20.
13a Lands & Mines
16a 15b Forests
14a Game & Fish 20a
Drainage & Waters 17a
Highways 19a
10a Buildings & Purchase 12 — 21a

III. Public Welfare.

25. 26. 31 Advisory Board
Director of Public Welfare — 212
29 Bd of Parole
30 Bd of Pardons
25 Trustees of — a Soldiers Home
24 Seminary 27
Asst Director
Assistant Director
31a Health 27a
Committee on Health
Inspection of Schools
-32-37 Director to license professions on examinations conducted by special examiners

Prison; Reformatories; Boys Ind School; Girls Ind School; Insane Hosps; Feeble Minded; Children's Hosp; Inebriates Hosp; Consumptives Sanit; State Public School 25a

IV. Education.

Educational Council
42 Board of Regents 44
Board of Education 40, 41, 43, 24
Art Society 46
Historical Society 45
45, 46 Societies submit estimates to Educational Council
42a Pres. of University 44a
39a Supt. of Education 43a 39 40
Presidents 40a
Normals 41a
Schools for Blind; Deaf 24a - b

V. Commerce, Industry and Labor.

Bd. Labor 60 61
Labor 59 62 54a
Director of Labor & Commerce
Railroad and Warehouse Commission 49
Banks 47
Insurance 48
Standards 49c 51 53b 53
Grain Inspection 49 d.e.
Grain Appeals 50
Fire Marshal 56 58
51, 52, 53, 54, 62b Com'r of Standards or of Labor licenses professions, upon examination by committees

VI. Agriculture.

State Agricultural Soc 64 65
Advisory Bd 66
Director of Agriculture
Dairies 57a
Exhibits 63b
Immigration 66a
Live Stock 63a, 64
Plants 69 68
63, 70-75 Societies to obtain appropriations through Director.
State Fair 63a
Supervises nomination of Agricultural Societies
67. Com'r of Live Stock to license Veterinaries - on examinations by graduates.

This diagram indicates the plan of the Efficiency Commission as adopted November, 1914, for recommendation to the governor and legislature. It differs in certain minor details from the plan outlined in the body of this report.

REDUCTION RATIO 9:1

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Government of Minnesota.

Present Organization.

Proposed Plan of the Economy and Efficiency Commission.

Board connected by oblique line indicates advisory quasi judicial or sub-legislative authority without executive powers.

Key: Single Officer; Paid Board; Ex-officio Board; Unpaid Board; Society; Institution.

I. General Administration and Finance.

1 Sec of State — a Auto licenses.
2 Attorney Gen — a Inher. tax admin.
3 Auditor
4 Treasurer
5 Board of Investment. (Constitutional)
6 Board of Audit.
7 Board of Deposit
8 Public Examiner
9 Tax Commission.
10 Board of Control — See No. 22 — a Purchaser for departments.
11 Board of Printing — a State Printer
12 Custodian of Capitol

I. General Administration and Finance.

Sec of State 1
Attorney Gen. 2
Auditor 3 — Public Examiner 8
Board of Investment. 5. 6 7
Treasurer. 4
Board of Taxation 9 2a

II. Public Domain - Lands, Waters, Works.

13 Auditor — a Public lands; b Small parks
14 Governor. — a Custody of Certain parks.
15 Timber Board.
16 Forestry Board — a Forester
17 Drainage Board — a Engineer
18 Reclamation Bd
19 Highway Board — a Engineer
20 Game & Fish Board — a Exec. Agt.
21 Board of Control — See No. 22 — a Construction of buildings.

II. Public Domain.

Director of Public Domain
Lands & Mines 13a 18
Advisory Board 15, 16, 17, 18, 19, 20.
Forests 15 16a 13b 14a
Game & Fish 20a
Drainage & Waters 17a
Highways 19a
Buildings & Purchas 10a 11 12 21a

III a. Public Welfare - Institutions.

22 Board of Control
23 Trustees of — a Soldiers Home
24 Trustees of School for — a Blind; b Deaf
25 Trustees of — a State Pub. School
26 Board of Visitors
27 Advisory Comte for Sanes
28 Visitors for Girls School — a Secretary
29 Parole Board
30 Pardon Board.

Prison; Reformatory; Boys Ind. School; Girls Ind. School; Insane Hosps; Feeble Minded; Children's Hosp.; Inebriates Hosp.; Consumptives San.

III b. Public Welfare - Health.

Boards paid by fees, for examination of
31 Board of Health — a Secretary
32 Physicians; 33 Dentists; 34 Osteopaths; 35 Pharmacists; 36 Optometrists; 37 Nurses

III. Public Welfare.

Director of Public Welfare 22
Advisory Board 25. 26. 31
Bd of Parole 29
Bd of Pardons 30
Trustees of 23 — a Soldiers Home
Bd Examiners Nurses 27
Inspector of Sane Asylums
Committee on Health
Assistant Director
Assistant Director
31a Health 27a
32 - 37 Director to license professions on examinations conducted by special examiners

Prison; Reformatory; Boys Ind School; Girls Ind School; Insane Hosps; Feeble Minded; Children's Hosp; Inebriates Hosp; Consumptives San; State Public School 25a

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43 Library Comn — a Secretary
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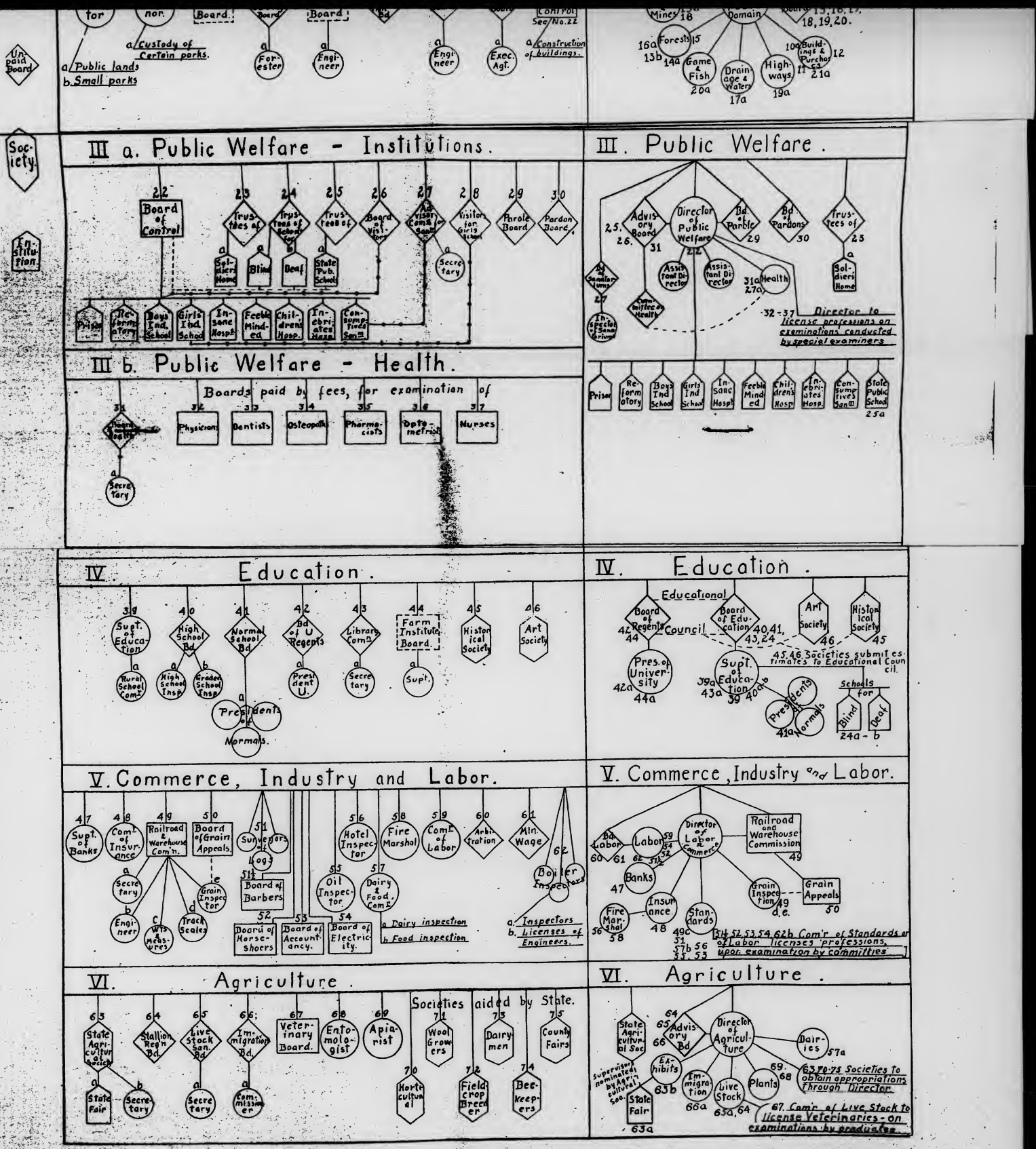
45 Historical Society
46 Art Society

IV. Education.

Educational Council
Board of Regents 42 44
Board of Education 40, 41, 43, 24
Art Society 46
Historical Society 45
45, 46 Societies submit estimates to Educational Council
Pres. of University 42a 44a
Supt. of Education 39 43a 40a b
Presidents Bd Normals 41a
Schools for Blind; Deaf 24a - b

V. Commerce, Industry and Labor.



This diagram indicates the plan of the Efficiency Commission as adopted November, 1914, for recommendation to the governor and legislature. It differs in certain minor details from the plan outlined in the body of this report.

necessitate changes in methods. It is the usual custom to leave details to rules framed by the civil service commission. But the commission should not be wholly unrestrained. Its rules may be too rigid and academic; or too lax and ineffective. The criticism of the legislature will avoid these dangers.

The usual provisions for obtaining compliance with the law and for preventing abuses are included in the bill.

III. PROPOSED BUDGET SYSTEM FOR THE STATE.

The changes necessary to introduce a satisfactory budget system in Minnesota can be made partly through legislation directing the executive, partly through modifications of the rules of the legislative bodies, and partly through custom on the part of the executive and the legislature. The desirable changes cannot all be accomplished at once. The general outlines of a budget system can, however, be laid down in advance. The Commission will recommend such outlines to the legislature, and will submit a bill covering those features of the system which require legislation.

Biennial Appropriations. All state expenditures, with very few exceptions, should be authorized by biennial appropriations by the legislature. Broadly speaking the state is committed to this policy. Continuing appropriations are dangerous. So, too, is the use of fees or other revenues connected with public services to cover the expenditure for such services without limitation of amount. Such practices do not give the people proper control over expenditure. In this state the following are probably the only exceptions which should be made to the rule of biennial appropriations:

The revenue of the various state land funds, assigned to educational purposes;

The revenue of trust funds and federal grants;

The proceeds of "mill taxes";

The prison revolving fund.

Preparation of Estimates by the Executive. A proper study of proposed appropriations by the executive acting as a unit, is the first step in a satisfactory budget system. At present there is no such study. Each branch of the service submits to the legislature whatever demands it sees fit. Under the Commission's plan, each bureau, institution or branch of the service will, at a sufficiently early date, submit to the director of the department, a detailed estimate of the expenditures necessary for the two ensuing fiscal years, together with explanations of changes as compared with previous appropriations, and information regarding previous expenditures for the same items.

The directors and other heads of the executive departments will by law be required to study thoroughly the estimates prepared by their subordinates, confer with such subordinates individually and collectively, determine the relative importance of the needs of the several services, and revise the estimates accordingly.

The next stage is the submission of the revised estimates to the governor. He will be required similarly to confer with the chief executive officers, study thoroughly the estimates, and revise them. The revised estimates will be printed and laid before the legislature on the first day of its session. A sum-

mary of them might well be made public before that time. The estimates, as laid before the legislature, must be properly grouped and summarized and the total shown, together with a statement of the estimated sources of revenue which will provide for the total amount. This material constitutes the Budget, a unified financial plan.

This preliminary study of the budget by the administration will relieve the legislature of much of the excessive burden of detail which now falls upon it, but will in no way lessen its control or its responsibility.

Form of Estimates. The estimates should contain several parallel columns, presenting at least the following information:

Name of item.
Citations to statutes authorizing the service or fixing particular items, such as salaries.
Appropriations for each year of the current biennium.
Actual expenditures during the preceding fiscal year,—the first year of the current biennium.
Estimates for each year of the coming biennium.
Explanations of increases.
Estimated revenue to be obtained in connection with each service, if any (regardless of the question whether such revenue may or may not be expended for the service without special appropriation).

These estimates should be in great detail. The legislature is entitled to very full information. The estimates should specify many more items than the actual appropriation law. The classification of these items should rest on a double principle. They should show what is to be spent for each line of work or function, and how that is to be divided among salaries, by grades, supplies of each sort, traveling expense, permanent improvements, and the like.

Committees of the Legislature. The legislature at the present time has two classes of committees for dealing with the conduct of the administration. There is the appropriation or finance committee which considers the appropriations for all services, and there are committees corresponding more or less closely to the several main branches of the state administration, which consider legislation affecting the powers and duties of the respective branches, and examine into the way in which their work is performed and the moneys expended.

This is a logical separation, but at the same time there needs to be the closest possible cooperation between the appropriation committees and these other committees. Appropriations need to be considered, at least ultimately, by a single committee, but no single committee can consider all the manifold activities of the state government.

Should the reorganization of state administration suggested by this Commission be adopted by the legislature, there would be advantages in reorganizing in part the committees of the two houses, to make them correspond more closely to the new departments and branches of the government.

It might be wise to have one large and comprehensive committee for each of the main executive departments proposed—a committee on public domain, a committee on public welfare and health, on education, on commerce and labor, and on agriculture. These could be further divided into sub-committees for specific branches of the work of the great departments.

Appropriations for a given department should have the consideration of the committee having to do with that department, as well as of the finance committee. This double consideration would not need to cause delay, as the appropriations could be considered by both committees at the same time.

In order to facilitate cooperation between the departmental committees and the finance committee, the latter might consist, at least in part, of selected members from the departmental committees.

Extent of Detail in the Appropriation Bill. It is in the interest of efficiency in administration that the legislature should not specify appropriations in too great detail. Where every item is minutely fixed, unless there be provision for transfers by the executive from one item to another, the administration is not only unable to take care of unforeseen contingencies, but it is tempted to spend the whole of every separate item for the purpose specified, even though it may not actually be needed. Lump sum appropriations do not necessarily lessen the responsibility of the administration for expending money in accordance with the purposes intended by the legislature. The estimates on which the appropriations are based should, as already stated, present full details. The state officers should be required, in connection with the submission of their estimates to the next legislature thereafter, to state just how much was actually spent for each item specified in the preceding estimates. The legislature is thus in a position to criticize what has been done. Moreover, if it finds necessary, the legislature can fix items more minutely in the next appropriation bill.

The appropriation bills should be itemized at least sufficiently to show a separate sum for each bureau of the several departments, each state institution, each new building or new public enterprise, and each improvement or purchase of permanent equipment of any importance. How much further the legislature shall go in specifying items is for it to determine; doubtless for some of the bureaus it would be well to make several sub-items.

Increase of Appropriations Beyond Estimates. It is peculiarly the prerogative of the legislature to limit expenditures. On the other hand the best interests of the state seldom demand that more money should be appropriated than is asked for by the executive. It is suggested that the legislature consider the propriety of rules of procedure which would make it somewhat more difficult for committees, or the legislative house as a whole, to increase an item requested by the administration than to reduce it.

It should be ordained, by custom if not by law, that no state officer or employee should try to get more for his branch of the service than the estimates submitted by the governor. The fundamental idea in the budget system is unity. It aims to avoid that pressure of separate officers and individuals for appropriations which has been so largely responsible for increasing the burdens of taxation.

Allotment of Funds by Administrative Officers. If the policy of making appropriations in rather broad terms, by lump sums, should be adopted by the legislature, it would nevertheless be desirable that administrative officers should put some restraint upon themselves with reference to the amount to be spent for each specific purpose. If they fail to do this there is danger that too much may be spent in one direction, and that not enough will remain for the work covered by the appropriation as a whole.

The Commission will accordingly recommend that each executive officer be required to make a formal detailed allotment of the funds available under each appropriation. This allotment, in case the total amount originally estimated had been appropriated by the legislature, would naturally be the same as the details of the estimates submitted. In case the total had been reduced, the allotment would have to represent reductions in some or all of the items. The allotments prepared by subordinate officers would require the approval of the governor, and would then be filed with the auditor and treasurer.

Allotments thus made would be set up on the books of the auditor and treasurer, in the same manner as legislative appropriations, as credits to be drawn upon for the specified purposes. They could not be overdrawn by the mere process of requisition. If it should be found necessary to spend more for a given item than had been allotted, a formal order in writing would have to be made. This order, of course, would have to specify from what other item or items of the allotment the amount was to be transferred. This does not contemplate transfers from one appropriation of the legislature to another.

The budget system proposed by the Commission thus provides for thorough study of the needs of the state as a whole, and of each branch of the state service, by the executive and by the legislature through committees organized systematically for that purpose. It provides the fullest possible information for the legislature as a basis for appropriations. It gives to the legislature absolute control over the broad purposes of expenditure; and while it leaves reasonable flexibility in the details, it makes the executive responsible to the legislature for the proper exercise of discretion with respect to those details. It would make the state's business a single unit.

PROPOSED CIVIL GOVERNMENT

THE GOVERNOR
The Lieutenant Governor

GENERAL ADMINISTRATION.

Legal Department
The Attorney General
constitutional—elective

Recording Office
The Secretary of State
constitutional—elective

Civil Service
Civil Service Commission
Secretary, appointed by the Commission.

Accounting Department
The Auditor, constitutional—elective
keep financial records
audit all disbursements
check expenditures
Public Examiner
scrutinize accounts

Tax Commission
Three members appointed by governor
equalization of assessments
determination of tax obligations

General administration under the Commission's plan is not a department but a group of offices, having no executive duties, but whose work is related in the nature of the case to all departments. At present these officers are burdened with membership in numerous executive boards and in some cases with individual executive duties.

This plan relieves the Attorney General from the administration of the inheritance tax, from the duty of deciding what timber is ripe to cut, and from passing on any but legal questions.

The Secretary of State will no longer be required to keep an eye on ditch contracts, or do other things inconsistent with his duties, as the chief recording and election officer of the state.

The Auditor especially will be disburdened of duties so conflicting, that no one man could be expected to handle them all well, so conflicting, in fact, that the state has found it necessary to create a new auditing bureau outside of the Auditor's office. When those functions which have nothing to do with auditing are assigned where they belong, the Auditor will no longer be embarrassed by having to audit his own transactions running into millions. He will be free to act as accounting officer for the state and critic of all the departments. The Public Examiner is properly his assistant. The Auditor is the officer who above all ought to stand detached from the administration.

The taxing machinery in this plan all revolves in the office of the Auditor and in the Tax Commission. Reports from counties and from corporations are to be made to the Auditor. They will be referred to the Public Examiner for verification and to the Tax Commission for equalization of assessments and determination of amounts due. As determined, the taxes are to be sent to the Treasurer for collection.

I. DEPARTMENT OF FINANCE.

Director of Finance

The Treasurer, ex-officio
constitutional—elective
collection of revenues
custody and disbursement of funds
care of capitol building
purchase of departmental supplies
supervision of state printing

Board of Investment

Governor, Auditor and Treasurer—ex-officio
constitutional
control of trust funds
advisory to Department of Finance

Department of Finance—

Naturally the Treasurer remains in this plan the chief financial officer of the state. As such it is convenient to lay upon him certain executive duties. For the sake of uniformity the collection of all taxes is assigned to him. A purchasing bureau for office supplies and the like is placed under him, including the purchase of printed matter. Following the purpose of relieving the Governor of all administrative details, the care of the state capitol is given to the treasurer, a duty conformable to his custodial functions.

There are now two boards of investment. One defined by the Constitution, and consisting of the governor, auditor and treasurer, passes on loans of state funds to school districts. Other loans are authorized by a board, created by statute, which adds the Attorney General and the President of the Regents to the members of the "little board." The attorney general must advise as to legal form in any case but ought not to be burdened with financial responsibility. The authorization of both classes of loans can be made by the constitutional board. The same board can perform the duty of the present Board of Deposit which approves and designates banks as state depositories.

II. DEPARTMENT OF PUBLIC DOMAIN.

Director of Public Domain

appointed by governor, confirmed

1. **Bureau of Lands and Mines**
   Commissioner of Public Lands
   management of state land system
   appraisal of state lands
   conduct of land sales
2. **Bureau of Forestry**
   Commissioner of Forestry
   management of state forests
   patrol of timber regions
   sale of timber from all state lands
3. **Bureau of Game and Fish**
   Commissioner of Game and Fish
   management of state hatcheries
   enforcement of game laws (co-operating with forestry)
4. **Bureau of Highways**
   Commissioner of Highways
   supervision of state highways
   consultation with counties and towns
5. **Bureau of Drainage and Waters**
   Commissioner of Drainage
   supervision of state ditch work
   consultation in county and judicial work

6. **Bureau of Building Construction**
   State Architect
   supervision of state buildings
   consultation with departments

Advisory Board
5 members, appointed by governor
advisory to department
consideration of public domain policy

Fields covered by four executive boards, a supremely incongruous duty of the Auditor's office, and certain misdirections of the energies of other valuable officers are gathered under a single consistent unit in the Department of Public Domain under its Director. The desirability of freeing the Auditor from the duties of Land Commissioner, which have almost destroyed his main functions, has been so clearly and so often set forth by the present Auditor and others that it need not be enlarged upon. While some accommodation must be made to constitutional limitations, for the most part the care and management of state lands and of mineral and timber resources can be transferred by statute. At the same time, the Commission recommends an amendment to the constitution to permit complete separation of the sale of lands from the audit of accounts.

The present forestry board, game and fish commission, and highway commission are not needed for executive duty. The director takes their place as overseer. The valuable advisory functions of these boards will be retained by the single advisory board. Their paid executive officers become bureau chiefs. Of the present drainage board, it may be enough to say that both the governor and auditor, now members, advise its abolition.

Close co-operation between the Forestry and Game and Fish bureaus will be provided for; valid reasons have been assigned against absolute consolidation.

The designation of state timber for sale, now the duty of the Timber Commission, whose ex-officio members are not distinctly qualified for the service, is transferred to the Forestry Bureau which as distinctly is qualified.

Close co-operation is also attainable between local engineers in the state service for drainage and highway purposes.

Whatever control over waterways and water powers the state may hereafter assume may be appropriately exercised by this department.

If the experimental work conducted by the reclamation board, as to the improvement of state land before sale, is to be made a part of state policy, here will be the place for it.

Construction of buildings has heretofore been assigned to the Board of Control, a makeshift arrangement which has worked well, though far from agreeing with the main purpose of a Department of Public Welfare. The similarity of this service to the other branches of the Department of Public Domain is evident. Under the Board of Control, it has been deemed profitable to farm out this duty to a private architect and engineer. If this is the most effective and economical practice it may be continued with equal advantage by the Department of Public Domain. The control of this function by the department will not interfere with the right of the authorities of the institutions, the normals and the university to describe and specify the accommodations they need and to approve the plans.

III. DEPARTMENT OF PUBLIC WELFARE.

Director of Public Welfare
appointed by governor, confirmed
Two Assistants to the Director
Accounting Officer
Purchasing Agent

1. **State Institutions**
   Superintendents and Wardens
   Parole officers

2. **Bureau of Public Health**
   Commissioner of Public Health
   prevention of disease
   suppression of epidemics
3. **Bureau of Tuberculosis Prevention**
   Commissioner of Sanatoriums
   visitation of state sanatorium
   supervision of district sanatoriums
   control of state aid
4. **Licensing of professions through examining boards**

Advisory Board—
9 members, appointed by governor
advisory to department
visiting state institutions
study of welfare problems
approval of health regulations

Tuberculosis Board—
3 members, appointed by governor or designated from Advisory Board.
advisory to Bureau of Tuberculosis Prevention.

Board of Parole—
partly ex-officio
one layman, appointed by governor or designated from Advisory Board.

Board of Pardons—
constitutional, duties not related to conduct of institutions

In proposing a single head for the Department of Public Welfare, the Commission is fully aware of the excellent record maintained by the Board of Control. The establishment of this board, a paid body of three members, was the first step toward unified administration. Its estimates and its adherence to them were the first approach to a budget system. Its practice has agreed with the merit system. Under the board system, however, the care of the institutions becomes a matter apart from the state government. If one single government is to take the place of many, the Commission's conclusions are hardly to be avoided.

Placing the Department of Public Welfare under a Director centralizes responsibility and unifies administration. Two assistants to the director are provided for, since one man cannot visit every institution often enough to keep in touch with them all. So that the change does little more in form than substitute the director of the department with two capable associates for the board of three coordinate members.

The conduct of the institutions is not altered, with two exceptions. On recommendation of the Educational Commission, the schools for the blind and deaf are transferred to the Department of Education. The control, of the state public school, now under a board of trustees, is transferred to the department.

The work of the Bureau of Health is associated with that of the institutions both in its large purpose and in many details of operation. Under the lay director, the Commissioner of Health will retain all the independence in technical authority that belongs to his office. Through the Director he will be brought into unity with the general state administration, especially for budget purposes, and into co-operation in action. The divisions under the Bureau of Health will remain as at present.

The anti-tuberculosis work might be made a division of the Bureau of Health. Eventually it is presumed it will be. For the present it may better be under a separate bureau. This work is new. It is being standardized by a body with peculiar qualifications. That body is doing peculiar propaganda work. It has peculiar relations to county sanatoriums and to the public. The suppression of tuberculosis is recognized as the most urgent single health problem of the state. For this reason the Commission recommends, for the present, a special commissioner of sanitoriums and a special tuberculosis board.

The sub-legislative duties of the present Board of Health should be carried over to the departmental Advisory Board. The duties of the Board of Visitors and the Visi-

tors of the Girls' School, are to be placed with the same body, which will have a proper proportion of women in its membership. In a large sense this will form a group connected with the state administration to study the entire field of social problems, by no means confining itself to the institutions. The lay member of the Board of Parole should be included in the advisory board.

Examining Boards—

Thirteen examining boards now issue licenses for various professions and occupations. The one criticism to be made at this time is that the state has nothing to do with them but to grant them authority.

The Commission recommends that each of these boards retain its independent authority to determine what constitutes qualification for admission to its practice. Each of them is referred to the appropriate executive department. The profession or trade, through its special board, will pass upon candidates for admission to it. The department will provide what clerical assistance is necessary and will issue the licenses as approved by the examining board. If any funds are collected in the name of the state, they will be administered by the state. Whatever services are to be paid for will be paid by the state. Whatever fees are charged will be turned into the treasury. It is not claimed that any great amount will be saved; it is maintained that this is the only orderly process.

Under this plan the examination of physicians, osteopaths, dentists, optometrists, pharmacists, and nurses, naturally falls to the Department of Public Welfare.

IV. DEPARTMENT OF EDUCATION.

Board of Education
9 members, appointed by governor, confirmed

Director of Education
appointed by Board of Education
- supervision of common schools
- supervision of high and graded schools
- certification of teachers
- president of normals
- superintendent of schools for Blind and Deaf
- supervision of libraries

Board of Regents
9 members, appointed by the governor, confirmed

President of University
appointed by Regents

These two boards constitute the Council of Education

In the Department of Education the whole system of Education is brought into a harmonious organization. The separate high school board, normal school board, directors of the schools for deaf and blind, and library commission give way to a single Board of Education. Under this board is a Director of Education, appointed by it, who will have the executive duty now performed by the Superintendent of Education and other officers. The inspectors and supervisors are taken into the department. The normals are aligned with the public school system; the directive functions of the normal board are preserved in the Board of Education.

The Regents of the University, which is a constitutional body, will remain, but without ex-officio members.

The Council of Education, composed of these two bodies, is the essential factor in unification. It will consider the educational budget as a whole. Each branch must justify its estimates before the other if it hopes to gain legislative approval. Whenever these bodies have agreed on their budget, they must be pretty well agreed upon the respective activities to be carried out under their appropriation. The Council will also consider other matters of joint concern, while each board will act independently in its own particular field.

The proposed membership of each body—the numbers should be equal—is large

enough to be representative of all the state, large enough for effective specialization through committees.

The Economy and Efficiency Commission is keeping in close touch with the Education Commission created by the legislature. It will be the aim of both bodies to maintain substantial agreement on all measures in which their fields of study coincide.

V. DEPARTMENT OF LABOR AND COMMERCE.

Director of Labor and Commerce.
appointed by governor, confirmed

1. **Bureau of Labor**
   - Commissioner of Labor
     - factory inspection
     - mine inspection
     - boiler inspection
     - protection of women and children
     - enforcement of safety laws
     - employment agencies
2. **Bureau of Banks**
   - Commissioner of Banks
     - supervision and enforcement
3. **Bureau of Insurance**
   - Commissioner of Insurance
     - supervision and enforcement
     - insurance of state property
   - Fire Marshal
     - fire prevention
     - suppression of arson
     - hotel inspection—in part
4. **Bureau of Standards**
   - Commissioner of Standards
     - weights and measures
     - food inspection
     - oil inspection
     - hotel inspection—in part
     - scaling of logs
5. **Bureau of Grain Inspection**
   - Chief Grain Inspector
     - inspection and weighing of grain
6. **Licensing of Occupations**

Railroad and Warehouse Commission
3 members elected
- *regulation of railroad rates and service*
- *regulation of warehousing*
- *enforcement of produce commission law*
- *advisory to department*

Boards of Grain Appeals
6 members appointed by Railroad and Warehouse Commission
- *adoption of grades*
- *review of inspection*

Board of Labor
5 members appointed by governor
- *advisory to Bureau of Labor*
- *regulation of minimum wage*
- *arbitration*
- *standardization of workmen's compensation*

All the state's activities in the field of industrial and commercial relations are here brought into a single group. Functions now distributed among a dozen separate bureaus and departments are consolidated into five bureaus in one department. There is obvious advantage in co-operation as to weights and measures, food inspection, and oil inspection, which are brought together, along with other functions, in one Bureau of Standards; and in associating inspection of mines and of boilers with inspection of factories.

The Railroad and Warehouse Commission, a tribunal of wide and impressive jurisdiction, is preserved, independent of executive authority. Its main duty, the determination of what is reasonable in railroad and warehouse rates and service ought not to be disturbed. If in the future the state shall undertake to pass upon the reasonableness of insurance rates or to regulate the conduct of public utilities other than railroads, it is to this body that such duties will naturally be assigned.

Grain inspection and other executive duties have hitherto been laid on this board. These have invariably been well performed. To have attempted to transfer them to some detached bureau would have involved a detriment to the service. The creation of the proposed Department of Labor and Commerce alters the situation. There is every reason to believe that the efficiency of the service will be maintained by the department. The protection of the merit system established by the Railroad and Warehouse Commission is to be retained.

One set of contradictions will be remedied. Grain inspection, now conducted under the Railroad and Warehouse Commission, is reviewed on appeal by the Boards of Grain Appeals appointed by the Governor. Rules for grading are made by the Railroad and Warehouse Commission; grades are established by the Boards of Grain Appeals. The logical arrangement assigns routine inspection to the executive department and provides for the appointment of the judicial bodies—the Boards of Grain Appeals—by the Railroad and Warehouse Commission.

From the very nature of its duties, ample reason appears for a separate advisory and sub-legislative board in connection with the Bureau of Labor. This board will include representatives of both wage workers and employers.

The licensing of accountants, auto drivers, barbers, electricians, and horse shoers will be assigned to this department acting on the examinations conducted by the several examining boards.

VI. DEPARTMENT OF AGRICULTURE.

Director of Agriculture
appointed by governor, confirmed

1. **Bureau of Dairies**
   Commissioner of Dairies
   inspection of creameries and dairies
   promotion of dairying
2. **Bureau of Live Stock**
   Commissioner of Live Stock
   suppression of animal diseases
   stallion registration
3. **Bureau of Plants**
   nursery inspection
   apiary inspection
   seed inspection
4. **Bureau of Exhibits**
   Superintendent State Fair
5. **Bureau of Immigration**
   Commissioner of Immigration
   collection of statistics
   publicity

6. **Consideration of appropriations for agricultural societies**
appropriations for agricultural societies

Advisory Board—

5 members, appointed, confirmed
advisory to department
regulation of animal and plant quarantine
standardization of state aid to fairs and associations

The importance of agriculture in Minnesota and the extent of the state's functions related to agriculture, justify a separate department headed by a director and aided by an advisory board. This plan at the same time relieves the university of certain police duties which ought not to be put on an educational institution. It simplifies dairy work, heretofore encumbered with the quite different duty of food inspection. It aligns the hitherto detached duties of the Live Stock Sanitary Board; the Inspector of Apiaries, and so on. It relieves the ex-officio members of the Board of Immigration from irrelevant duties. It brings into direct connection with the administration the management of the State Fair. It provides a means for being sure that societies receiving state aid are entitled to it. It aims to relieve the Agricultural Society from the drudgery of the State Fair management while it hopes to retain the invaluable enthusiasm its members contribute to it.

If hereafter the state shall do other things for the protection of agricultural interests, they will find their place in this department.

At all times the closest co-operation with the agricultural college and schools will be kept in view.

The examination of veterinaries, by a special board, is referred to this department.

The Fringe of Government.

The State Historical Society, a venerable institution, partly private and partly ex-officio, is sustained by the state. It is deemed best to let it be independent. For budget purposes, it is associated with the Department of Education.

The Trustees of the Soldiers Home may without violence to the general plan be left in control of their institution, passing their budget through the department of Public Welfare and depending on the Department of Public Welfare for certain purchases and on the Department of Public Domain for building construction, in the manner established by law.

The State Art Society should have budgetary relations with the Department of Education. It has volunteer values that at present seem to make a closer relation to the Department unprofitable.

Many other private associations have varying relations to the state by which they bring valuable co-operation. There will be no law to prevent continuance of these beneficial activities.

Studies in Economies—

This preliminary report is not a study in particular economies. This plan invites economies, opens the way to economies. Economy in the structure makes it easier to apply economy in details. Largely those details can be examined only when the situation is created that does not now exist. It would be absurd to say in advance exactly where a clerk's time can be saved; it is evident that time can be saved by equalizing work in the departments. It would be impossible to tell except by a study very different from this what processes may be shortened; it is evident that in the departments short cuts can be utilized.

Yet there are places where organization will of itself reduce the cost of the service. Oil inspection costs $40,000 a year, food inspection $20,000.

All oil is tested as it arrives; food is inspected by samples taken at random. This difference, being a matter of function, is outside the field the Commission has chosen to consider. Keeping to organization alone, two economies are apparent. Inspection districts will be along lines of travel instead of within county boundaries. District inspectors can without loss of time supplement the work of other inspectors especially in back-checking to see if orders are complied with.

Again boiler inspection is supposed to cost $35,000 a year—there is no authentic information. Factory inspection costs $30,000. A considerable saving is possible by improved organization, by arranging the inspection on lines of travel, by putting a state system in place of arbitrary districts, by cooperation of one set of inspectors with another.

All these examples, however,—and they might be multiplied—are secondary to the broad economies to be accomplished by the intelligent weighing and comparison of appropriations. For every dollar that can be saved by lessened expenditure, two can be earned by increased efficiency, while values incomparably greater can be gained by the introduction of a complete business administration of the state—a proper organization, a proper accounting, a proper audit and a proper budgetary.

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